Illinois VentureTECH

A Status Report on Strategic Technology Investment Initiatives

Governor George H. Ryan

• Education and Advanced R&D • Information Technology • Health and Biotech
• Government Technology • Venture Capital

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Illinois VentureTECH

In the fast-paced New Economy developing at the dawn of the 21st Century, technology is the driving force for change, for advancement, for success. New and revamped technology-based businesses are revolutionizing the economy, and will continue to lead the nation and the world for years to come. States that can nurture and grow these tech-based firms will earn a growing pool of well-paying jobs for their workforce, but also reap exceptional spin-off benefits – world-class university talent, federal and private research dollars, and an invigorated entrepreneurial community capable of creating exponential economic growth. *States, which fail to attract technology industries, will soon find themselves left behind, and their citizens left out.*

Illinois isn't just competing against neighboring states, or California, Texas, or Massachusetts for these jobs – with today's global economy, we are up against countries in every corner of the globe. In order to compete, to grow, to attract entrepreneurs, to garner new investment and new industries, as well as to help its citizens succeed in the New Economy, the State of Illinois has made a serious and coordinated investment of financial and human capital in technology that will improve education, training, economic development, and boost the quality of life of all Illinoisans.

In 2000, Governor George H. Ryan developed ***Venture*TECH**, a multi-year, $2 billion comprehensive strategy for investing state resources in education and advanced research and development, health sciences and biotechnology, and cutting-edge information technology programs.

This initiative is the keystone of the Governor's commitment to a comprehensive, long-term strategic plan for technology growth in Illinois. Recent history has shown that a piecemeal approach to addressing technology simply will not work. Nothing short of a rational, well-designed and strategic statewide approach, which builds on our existing strengths, will allow Illinois to remain an economic and technological leader in the future.

***Venture*TECH** has funded extensive new investments in people and programs, and has addressed the need for capital investment in technology infrastructure – the wires, chips and machines that harness incredible computing power, as well as the buildings, laboratories, and classrooms which house them. Building on a solid foundation, ***Venture*TECH** is strengthening partnerships with private industry and the federal government and will directly result in $4 billion in private and federal technology-related investments in Illinois.

As its name suggests, in addition to these capital investments, ***Venture*TECH** will also seek to address the need for another kind of capital – venture capital – which is critical for the continued development and expansion of technology startup companies, and their vital importance in the New Economy. Illinois' investments in entrepreneurs and researchers will ensure that future generations will benefit from our world-class research institutions and cutting-edge industries.

RESULTS AND PERFORMANCE

Thanks in large part to the investments from ***Venture*TECH**, Illinois has been ranked the best in the nation in the use of digital technology to make government more accessible and to improve service. This honor was the result of a major national survey conducted by The Progress & Freedom Foundation and the Center for Digital Government. Illinois tied with Kansas for the first-place rank in the 2001 digital state survey. In 2000, Illinois ranked fourth in the nation and was voted "most improved" because in the 1998 survey, Illinois ranked 49th among the 50 states.

Chicago ranks first in the nation for the number of high-tech jobs according to a University of Minnesota study and second in the nation as the best market for information technology jobs, according to Compterworld Magazine. Also, a city-by-city survey of the high-tech industry named Chicago as one of the nation's top "cybercities" in terms of high-tech employment with more than 180,000 jobs. This ranks Chicago with San Jose, Boston, Washington, D.C. and Dallas.

Illinois is ranked one of the best states in the country in terms of human resources. Illinois' students perform better in math and both the state's high school graduation rate and college attainment statistics are above average, according to the 2001 Development Report Card for the States.

EDUCATION AND ADVANCED RESEARCH & DEVELOPMENT

Illinois has undertaken significant steps to reform and improve our basic education system, and those efforts must and will continue. At the same time, we must move aggressively beyond those reforms, to assure that our children will be able to compete in the New Economy. We must provide them with the modern tools to learn.

Technology is changing the face of business at a revolutionary pace. The successful companies of tomorrow need educated, adaptive, skilled employees. To assure that our workforce can meet the demands of tomorrow's workplace, we are providing them with the education and training to acquire new skills. Developing a pool of highly qualified employees will also serve as a tremendous incentive for high-tech business to relocate and grow in Illinois.

According to the most recent data, Illinois' technology workers earn nearly two-thirds more than the average private sector worker, and the demand continues to grow. Make no mistake: Illinois wants the high-paying, high-quality jobs that the New Economy has to offer. ***Venture*TECH** is investing in the educational infrastructure, applications and training necessary

for preparing our youth and our workforce for the 21st Century.

Illinois Century Network – The creation of a virtual gathering place for universities, colleges, schools, libraries, museums and government agencies enables all to collaborate and interact regardless of geographic location. This digital network makes sharing ideas, educating our children and delivering services easier than it has ever been before.

Under ***Venture*TECH**, the Illinois Century Network has connected more than 5,600 universities, colleges, schools, libraries, museums and government agencies. Every school district in Illinois is connected to the Internet, in large part because of the ICN, providing them high-speed access to a vast array of resources.

"Our commitment to building a technology infrastructure for the 21st century is going to pay tremendous dividends in the future."

- Gov. George H. Ryan, State of the State & Budget Address, February 2002

I-WIRE – The creation of this advanced optical network will allow our state's flagship universities and federal laboratories to work with industry to design the next generation Internet and the applications that will drive it. I-Wire is the fastest research network in the country. With a $6.5 million ***Venture*TECH** investment, the system will be activated and operational in Spring 2002.

TeraGrid – In August 2001, the National Science Foundation announced a $53 million award to create a multi-year effort to build and deploy the world's largest, fastest, most comprehensive, distributed infrastructure for open scientific research called TeraGrid. The National Center for Supercomputing Applications at the University of Illinois at Urbana-Champaign will provide the bulk of the computing power for the TeraGrid. Argonne National Lab is another one of the four partners in the consortium. The TeraGrid system is critical to maintaining Illinois' national leadership and the state's ability to win nationally funded research. Illinois' participation in this project was partially secured through ***Venture*TECH** investments in infrastructure improvements at NCSA and Argonne such as the I-WIRE initiative and a new NCSA building in Urbana.

Illinois Virtual Campus – With an enrollment of nearly 84,000 students last year in distance courses, the Virtual Campus provides access for all Illinois citizens to diverse higher education resources, including baccalaureate programs, graduate study, and professional development, via distance learning and the Internet. The IVC includes the instructional resources of public and private colleges and universities, delivered in large part by Internet-based distance learning technologies, and combines these resources with outreach, individual advising, network access, and technical support at community colleges statewide.

Digital Library – This multi-year program eliminates the barriers of time and place – not to mention resources – by providing a digital library of full text and images, and digitized resources for college and university students and faculty.

Higher Education Engineering Equipment Grants – *Venture*TECH provides $2.8 million annually to acquire state-of-the-art equipment for

Illinois college and university engineering programs. These grants are designed to increase the number of engineering degrees awarded by Illinois public and private institutions**.**

Arthur F. Quern Higher Education Information Technology Grants – Created in FY01, this grant program increases the supply of information technology professionals in Illinois by providing $3 million in FY02 in 1,200 grants to Illinois students that seek to pursue certificates or advanced educational degrees in the field of information technology.

High Technology School-to-Work Program – Created in 2001, this program provides grants to a consortia of employers from high-technology industries and local schools to improve educational opportunities and prepare Illinois students for highly skilled, high paying jobs and advanced educational projects through classroom and real-life experiences.

Higher Education Matching Grants – This $10 million annual program provides incentives to Illinois colleges and universities to improve their technology research capabilities. This program fosters the state's efforts to attract federal funds to further the state's leadership in information technology.

Advanced Tech Worker Training – This initiative, funded with a $1.1 million grant in Fiscal Year 2002, will allow Southern Illinois University at Edwardsville to operate a new Advanced Technology Worker Training Center to provide market-driven, business-oriented, state-of-the-art job training for individuals whose primary background is in the liberal arts.

Illinois Virtual High School – Since becoming operational in January of 2001, over 300 students have taken advantage of various technologies to explore new ways of taking high school and college-level courses.

Technology for Success – Since FY00, the state has committed over $150 million for local school districts to wire classrooms and laboratories to the Internet as well as technology training for teachers and access to educational software. In addition, through ***Venture*TECH**, the state is providing museum grants to bring exhibits to schools through the use of technology.

"Information, technology, communications, and intellectual capital, rather than energy and raw materials, power today's businesses. In addition, today's economy places a premium on education and higher-order skills in the workforce."

- National Governors' Association, "The New Economy - Economic Development and Information Technology Strategies for the 21st Century." Spring 2002

BRICKS AND MORTAR

Even in the virtual world of e-everything, we still need physical structures – buildings and laboratories – to house the equipment and researchers that drive the success of our efforts. In addition to important investments in people and programs, ***Venture*TECH** is funding the construction of critical pieces of infrastructure.

Rare Isotope Accelerator Science Center at Argonne – The Rare Isotope Accelerator Science Center, to be located at Argonne National Laboratory, is seen as an important incentive in the competition to attract the U.S. Department of Energy's proposed $850 million Rare Isotope Accelerator (RIA) to Illinois. Illinois is actively recruiting the Rare Isotope

Accelerator, a concept seen as essential to continued scientific research into the basic questions about the origin of the elements and for important applications to medicine, industry, and other applied physics research. It is estimated that locating the RIA in Illinois could create 400 jobs and provide $200 million per year in benefits to the Illinois economy. The State's commitment to provide a total of $16.6 million for the construction of the RIA Science Center would provide the offices, laboratory space, and conference rooms to serve the administrative needs of visiting scientists and students conducting research at the accelerator.

Center for Nanofabrication and Molecular Self-Assembly – Located in the Institute for Nanotechnology at Northwestern University, this project advances research initiatives designed to position Illinois as a leader in this field, including research, technology transfer, educational outreach programs, and expanded business collaborations. ***Venture*TECH** will allocate $5 million for this project in FY02 and FY03. The state funding has leveraged $11.2 million in NSF funding, as well as an additional $10 million from the U.S. Department of Defense for nanotechnology research at Northwestern.

"Illinois clearly understands the importance of technology and has committed the financial and human capital to becoming a national leader in the field."

- Jeffery A. Eisenbach, President, The Progress & Freedom Foundation, January 2002

Argonne Nanoscale Center — Argonne National Laboratory is one of five nanoscale science research centers proposed by the U.S. Department of Energy. Argonne's Center for Nanoscale Materials will accelerate the fields of nanoscience and nanotechnology by developing and supporting advanced facilities for the synthesis and characterization of nanostructures for both internal and external users. The Center will leverage existing facilities at Argonne, especially the Advanced Photon Source. ***Venture*TECH** earmarks $19 million for this project in FY02 and FY03.

Thomas M. Siebel Center for Computer Sciences – Currently under construction, this new $80 million building at the University of Illinois will facilitate advances in high-performance networking, distributed computing, data mining and mobile computing – the vision of anywhere, anytime access to information. The state is sharing the cost with private donations, including $32 million from Thomas M. Siebel, CEO of Siebel Systems, Inc.

UI National Center for Supercomputing Applications Building – This new $30 million home for the next generation of Internet applications and networks will help attract federally funded research and has already been leveraged for projects such as the TeraGrid.

Fermi Accelerator Research – Lead by the Illinois Institute of Technology, this is a $2.5 million annual state partnership with Fermilab and a consortium of Illinois universities to examine the next generation of accelerator technology.

Advanced Photon Source – This is a national synchrotron radiation research facility in which six Illinois universities participate collaboratively with scientists from private industry and the federal government. ***Venture*TECH** allocates $3 million annually for the consortium of universities to participate in the APS.

INFORMATION TECHNOLOGY

The New Economy is driven by entrepreneurs, small businesses, and technology-based start-ups. The jobs that these firms create are on average much better paying jobs than those in most other industries. We want these jobs for Illinoisans.

In the increasingly global New Economy, Illinois is no longer competing against other states to attract new high tech businesses and the good jobs they bring. Rather, we are competing against dozens of other countries, located in every corner of the world.

Because of the Department of Commerce and Community Affairs and other state, local, and university programs, Illinois is currently among the top three states in the number of firms and the growth of technology.

To retain this advantage and to compete in the 21st Century, ***Venture*TECH** is building on our existing efforts and strengths by providing investments to increase technology spin-offs, encourage new technology ventures, market our success, and maintain our leadership position in driving economic development in the high-tech New Economy.

Bridging the Digital Divide – Governor Ryan signed the "Eliminate the Digital Divide Law" in 2000 to help low-income families gain the technological skills and access to hardware needed to help them get jobs in the New Economy. This program provides resources to organizations that help plan, establish, administer and expand Community Technology Centers to serve residents in many low-income communities in Illinois. In the last two years, $1.5 million in grants have been issued to more than 36 organizations. Because of changes in the state's Telecommunications Act, this program will be expanded to an annual $5 million allocation.

Community Technology Fund – The Illinois Commerce Commission has created the Community Technology Fund with money set aside as a part of the 2001 merger of Ameritech and SBC Communications. More than $1.2 million from this fund will create a statewide virtual community computing center to provide resources, information, and individualized assistance to community organizations in all parts of the state. More than 75 grants totaling nearly $3 million have been issued to community organizations and schools over the past two years.

DCCA Technology Advancements – *Venture*TECH increases funding to assist businesses and research institutions in the development and utilization of modern technologies to strengthen Illinois' economic competitiveness. Illinois assists in the commercialization of new technologies, to secure research and development funding, and to leverage private and federal investments. More than $8 million has been allocated and awarded.

Illinois Technology Enterprise Corporation – The state has estab-

"Access to advanced telecommunications services is crucial to the continued development of our local communities, our schools and of the people throughout Illinois."

- Richard Mathias, Chairman, Illinois Commerce Commission February 2002

lished ITEC centers in Champaign and Evanston that are designed to stimulate the formation, growth and retention of technology-based businesses in Illinois. By leveraging and organizing the strength of the local universities and the growing technology leadership in many communities, ITEC promotes technology growth through the improvement of delivery of existing economic development programs and the promotion of other State resources. In Fiscal Year 2002, the ITEC centers have aided more than 100 entrepreneurs.

University of Illinois Tech Incubator – With ***Venture*TECH** funding of more than $10 million, the incubator is becoming an integral part of the Champaign-Urbana research park, which will provide essential office and laboratory space for researchers and entrepreneurs. The State's investment is being matched by university and private resources. New spin-off companies are expected to result from improved commercialization of university research, creating new jobs and industries in Illinois. The facility is expected to be complete in November of 2002.

"Chicago has much of what a business needs to succeed in the technology sector; a deep talent pool; rich diversified customer base; some of the nation's leading R&D facilities; over 120 venture capital funds and a great location central to all digital communications."

- Juergen Stark, Chairman & CEO, Centerpost Corporation, From World Business Chicago, 2002

Technology Marketing – It is critical to promote Illinois' growing prominence in the New Economy and for the first time the state is aggressively marketing its high-tech strengths. Through a four-year, multi-million dollar marketing campaign, Illinois is educating corporate decision-makers about the advantages of doing business in the state. The marketing campaign focuses on Illinois' ability to offer companies access to a wide range of technology assets, while touting the state's unique position as the center of the "Convergence Economy."

Office of Technology Transfer – In order to ensure that Illinois students and researchers have every opportunity to bring their ideas and innovations to market, $1 million has been provided for the University of Illinois to provide essential business services to researchers and start-up companies that spawn from University research.

UI Microelectronics Laboratory – A major $18 million expansion of the Microelectronics Laboratory at the U of I in Urbana will spearhead research and industrial collaboration in nanotechnology. This outgrowth of supercomputing will dramatically benefit biotechnology and information technology efforts.

IIT Center for Safe Food for Small Businesses – With more than $2 million invested, this program provides direct technical assistance to small and medium sized food manufacturers to assure both safe products for public consumption and improve companies' competitiveness.

Health Sciences and Biotechnology

The ***Venture*TECH** initiative is providing significant investments in the next generation of tools that will grow our food better, prevent and cure disease, and deliver up-to-date health information to patients and health professionals.

Centers for Academic Excellence – Since FY00 more than $46 million has been committed to teaching hospitals throughout Illinois to conduct additional clinical care research and develop new treatments and therapies. The hospitals use these grants to leverage additional federal and private research funding.

Rural Health Initiative – This initiative, through the Department of Public Health and the SIU School of Medicine, is expanding health care services in central and southern Illinois, including distance technologies, telemedicine and teleburn networks that will improve access to specialized medical care and improve communications. More than $6 million has been allocated to provide needed technology to bring clinical services to place-bound populations in need.

Higher Education Health Services Grants – Nearly $60 million has been allocated since FY00 to assist institutions offering programs that educate and train health professionals, allowing these colleges and universities to improve their training programs to include ever-changing technological advances in health care. This funding is for medical, dental, optometry, podiatry, pharmacy, allied health, nursing, and medical residency programs.

Alzheimer's Disease – Over the last three years, more than $9 million has been allocated for Alzheimer's Disease Assistance Centers, which provide diagnostic, treatment, and support services to Alzheimer's patients and their families, education to the public and to professionals, and grant money for cutting-edge research into this devastating disease.

AgriFirst – This $1.5 million program in Fiscal Year 2002 provides support to new and expanding agri-businesses and offers matching grants to farmers to help them earn a profit from processing their raw commodities. This initiative encourages research and development of value-added agricultural products.

UI Veterinary Research – More than $1 million has been directed to research projects that focus on pre-harvest food safety, particularly on identifying and controlling infectious diseases in animals that constitute a hazard to human health.

BRICKS AND MORTAR

In addition to investments in people and programs, ***Venture*TECH** is funding the construction of several critical pieces of infrastructure – buildings and laboratories – to house the tremendous medical advances that will come from these areas of investment.

UI Post-Genomics Institute – Genomics is the centerpiece of biotechnology, and this $79.8 million project will help Illinois take advantage of this

"The race is on to map human, animal and plant genes, and decipher their functions. The goals are to enhance human health, increase food production and quality and improve the environment. States not at the leading edge of this remarkable technology will lose outstanding scientists, visionary entrepreneurs, business opportunities and economic advantage."

- "At the Crossroads: The State, the University and Tomorrow's Technology" U of I, February 2000

burgeoning industry. A new institute at the UI Urbana campus, this facility will help bridge cross-discipline, cutting edge research in the biological sciences as well as agriculture that will help improve the quality of life in Illinois. The institute will focus on the development of new technologies and capitalize on the biology/engineering interface, growth in the field of biotechnology and expansion into commercialization. Just a few of the research examples include new varieties of corn and pest-resistant soybeans, improvements in animal sciences, biofarming, and farmaceuticals – the production of pharmaceuticals through the modification of animals' genetic material.

UI Medical School – This state-of-the-art $93 million research facility on the University of Illinois' Chicago campus is 20 percent complete and will add biomedical research capabilities and increase the capacity to find treatment and cures for diseases. This investment in research, which will leverage federal National Institute of Health funds, will also help cut down on healthcare costs.

"In addition to its obvious strength in agricultural biotechnology, the Midwest boasts a thriving biopharmaceutical industry as well. The region is home to an established cadre of multinational pharmaceutical companies and a growing a band of small biotech companies. A group of world-class academic research institutions help to fuel these enterprises with basic research."

- Carl B. Feldbaum, President, Biotechnology Industry Organization, December 2001

Chicago Tech Park Expansion – The state is continuing its investment in the expansion of the Chicago Tech Park. The state's investment will leverage a tenfold return of private sector financing for the construction of a $17 million technology commercialization center on the West Side of Chicago in the Illinois Medical District. Located in the Tech Park will be a $3.5 million Enterprise Center II, which will open in the summer of 2002 to serve biotechnology firms. In addition, the $50 million Cohn bio-medical research facility is being financed by $20 million in state funds and $30 million in private funds from Rush Medical Center.

UI Medical Resonance Imaging – A $10 million ***Venture*TECH** grant will help construct in Chicago the premier medical imaging research/clinical facility in the nation. Research conducted utilizing this new imaging technology will lead to improved healthcare and commercially viable software and hardware, while training students moving into electronic healthcare industries. The facility will be completed during the summer of 2002.

UI Chemical Sciences Building – This new research facility in Chicago will allow connections between the basic structural biology and science to biotechnology. Research areas include tumor growth, HIV, immunology, dental, orthopedics and environmental impacts. ***Venture*TECH** is committing more than $70 million to the project.

Northwestern University Biomedical Research Building – This new biomedical research building will become part of an entire complex at Northwestern's Chicago campus that will keep Illinois at the forefront of biomedical research. The Michael H. Lurie Research Center will provide new laboratory space for areas such as genetics, cancer, biomedical engineering, cardiovascular disease, neuroscience and aging. The state's $30 million investment has already secured an additional $90 million in private investment and is expected to yield $76 million annually in federal research grants.

SIU Cancer Institute – More than $17 million has been committed to create a new research and public service cancer institute at the SIU School of Medicine in Springfield. The institute will build upon existing capabilities in basic and clinical research, instruction and public service and will make treatment resources available to local health care providers in Central and Southern Illinois that serve more than 3 million people.

University of Chicago Juvenile Diabetes Center – Located at the University of Chicago, a state contribution of $13.4 million has been allocated for a state-of-the-art facility that will advance the study, treatment and research of juvenile diabetes and related complications.

Illinois Institute of Technology Biomedical Research Center – The state has committed $12 million for a new facility designed to house programs in biomedical engineering, pharmaceutical manufacturing, genetics research, cancer research and pre-clinical trials. The Center will include a full-service business incubator for emerging firms.

State Government Information Technology

Just as technology is revolutionizing the marketplace, technology is the key to improving the way government serves its people. For example, as more and more industries abandon the outmoded model of 9-to-5 customer service, government must also move toward providing its services 24 hours a day, seven days a week, or risk losing the confidence of its citizens. Technology holds the key for better management of government data and dollars, which translates directly to better service for people who depend on government assistance, for "customers" who wish to use a state service, and for businesses who must meet government requirements to operate.

"When I took office three years ago I wanted to make government more accessible and efficient and I felt back then, as I do now, the best way to make government better is through smarter use of technology."

- Gov. George H. Ryan, Digital State Award Ceremony, February 2002

To compete in the New Economy, government at all levels must become more flexible, adaptable, and innovative, as well as more consumer friendly, performance-driven, and accountable. In order to streamline state government, Governor Ryan created the Illinois Technology Office in 1999. The ITO is responsible for managing technological innovation in state government, improving public services with the use of technology and coordinating technology initiatives across state government. The office works with staff from multiple state agencies and outside advisors to collaboratively define strategic directions and put new applications in use.

As a part of the Governor's overall efforts to meet the challenges of State Government Information Technology, ***Venture*TECH** is funding new and ongoing technology initiatives throughout state government designed to improve customer service, maximize taxpayer resources, and make the

state more performance-driven, efficient and accountable.

More Efficient Delivery of Human and Social Services – Development is underway for a virtual case management system at the Department of Human Services, and continuation of the LINK card system for providing electronic benefits. Also included is a Medicaid data warehouse at Public Aid, a system to continuously measure performance of the Medicaid Program, and detect fraud and abuse. Also included for the Department on Aging is a new case and voucher maintenance system to better track clients and lessen delays in the delivery of services.

Improved Health Care – The state is expanding its communication capabilities through the Department of Public Health to improve health access to underserved areas, allowing small hospitals to link to larger facilities, improve emergency services and provide more efficient reporting of data. These services include an on-line disease reporting system and a new birth and death record keeping system to replace paper-based reporting.

"Illinois has exemplified all of those areas we consider to be important and really stands out as a 'Digital State'. It is obvious that there is a strong commitment and dedication to technology."

-Cathilea Robinett, Executive Director, Center for Digital Government, January 2002

Better Workforce Assistance – The Department of Employment Services has developed an electronic "Skills Match" system to provide intelligent matching of job requirements posted by employers with job skills of applicants. The system is being used by 56,000 employers and has resulted in more than 17,700 hires. Also, the department has created a new analysis tool that will enable the state to customize training opportunities to meet current needs of employers and prospective employees.

Geographic Information Systems – Investments of $5 million annually are being made to develop a statewide spatial data infrastructure, integrating multi-agency resources and allowing access to a broader range of layered data and information. Integrating GIS into the critical and routine development activities of state agencies will foster better decision-making and overall planning to meet the needs of citizens as well as public safety agencies.

Tools for Law Enforcement – The State of Illinois is ranked number one in the 2001 "Digital State" survey in the use of technology in law enforcement applications. The Illinois State Police will continue to develop and expand its Wireless Information Network, allowing any state, local or federal law enforcement agency in the state mobile access to the Law Enforcement Agency Data Systems. Over 5,600 users are on the network. The system is also used for the transmission of photo images and fingerprints from the field, direct access to warrant information databases and automated voice dispatch of officers in the immediate area. Also, ***Venture*TECH** is funding the $25 million for STARCOM21, a new public safety voice radio communications system.

Homeland Security – The state's Terrorism Task Force was established in May of 2000 to address the state's strengths and weaknesses in responding to a man-made attack against the public. Federal and state investments are being made to upgrade technology, communications and

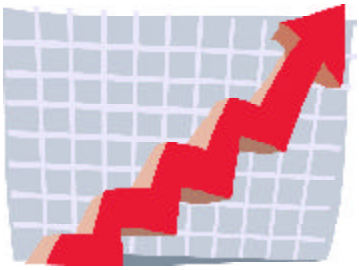
facilities to address biohazards, disease reporting, large-scale disasters and emergency response capabilities.

Intelligent Transportation System – Through monitors in the pavement and videocams and satellite imaging, this system provides real-time information for motorists about weather conditions, congestion and accurate traffic reports. Also included is funding for Accident System/ Traffic Safety Mobile Units that allow the State Police to enter records on-site and transfer them directly to the Illinois Department of Transportation.

Digital Signatures Project / Public Key Infrastructure – An investment has been made through ***Venture*TECH** to enable secure, authenticated and encrypted electronic communications among various levels of government as well as citizens and businesses. This infrastructure enables on-line transactions that require signatures and secure transmission of electronic documents in a way that improves government efficiency and public service. Illinois is the first state in the nation to build this secure internal infrastructure across government.

VENTURE CAPITAL

The availability of capital, especially venture capital, is a crucial component of maintaining and recruiting start-up technology companies in Illinois. As new businesses expand they often face a funding gap between the start-up stage and the consolidation stage, when companies are able to obtain low-cost financing from banks or tap equity from the stock market. Increasing access to venture capital in Illinois will be an important step in meeting the needs of expanding business. It will also position Illinois to compete in national and international markets by serving as a home to leading technology companies. State government has a responsibility to take a leadership role in creating new economic opportunities for the citizens of Illinois. Governor Ryan has directed and supported several initiatives to increase the availability of venture capital in Illinois.



With the creation of the ***Venture*TECH** initiative, Governor Ryan established a partnership between the Department of Commerce and Community Affairs (the state's leading economic development agency), the Illinois Coalition (a public-private partnership aimed at advancing technology development in Illinois), and the Illinois Development Finance Authority (public economic development financing entity). This team jointly administers the Technology Development Bridge program, dramatically increasing state funding for early seed-stage capital for Illinois technology entrepreneurs. Governor Ryan provided an additional $15 million for the Technology Development Bridge program to be invested in Illinois companies. This was a 50 percent increase in available funding. As means of comparison, in 1998, the state had only invested in nine companies through the Development Bridge program.

The State of Illinois now has investments in 23 seed-stage technology companies, with 31 total transactions including 2nd round financing.

The second piece of the venture capital program involves State Treasurer Judy Baar Topinka. Treasurer Topinka has for many years strategically linked the placement of over $400 million of state funds in Illinois Financial Institutions that offer a competitive interest rate and also provide special attention to small businesses and farmers. In order to build on the Treasurer's success of the Linked Deposit program, Governor Ryan is actively supporting the Treasurer's revitalized efforts to establish a Technology Development Account, which will allow the Treasurer increased flexibility over a small but strategic portion of the state's investment portfolio. Increasing Treasurer Topinka's flexibility with up to 1 percent of the state's investment portfolio will enable Illinois to ensure a $50 million program while at the same time providing a strategic incentive to venture capitalists to invest in Illinois' rich science and technology communities. This initiative holds the potential to provide a necessary infusion of state leadership into the venture capital community in Illinois and can position Illinois as a national leader in technology-based economic development.

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